

# **Small Business Health Coordinating Council**

**April 16, 2007 8:30 am in Room 135 of State House**

## **Minutes**

### **Attendees:**

**Dennis Toprac**

**Rich Engelman**

**Don Nokes**

**Mark Deion**

**Philip Papoojian**

**Mark Hayward**

**Jerry Meyer**

**John Cronin**

**Kyle Adamonis**

**Ed Greene**

**Janet Raymond**

**Kelly Sheridan**

**Sidney Goldman**

**Denise Barge**

**Matt Stark**

**Lt. Governor Elizabeth Roberts**

**Jennifer Wood**

**Eli Zupnick**

**Dan Meuse**

## **Introduction**

**The meeting was called to order at 8:35 by the Chair, Lt. Governor Roberts**

**Lt Governor Roberts explained that the purpose of this first meeting is to see where the different groups stand on the different issues related to health insurance coverage for small businesses.**

### **Rhode Island Business Group on Health**

**Kyle Adamonis began by giving a brief history of the organization. She said that the RIBGH had existed a while ago, but had become inactive for a period of time . It was re-formed a few years ago with the intention of being a place where business owners could come together to purchase health insurance as a group. The group has evolved to be one that focuses on educating members about options for insuring their employees, as well as one that advocates for legislation related to health insurance for business.**

**Adamonis said that the organization supports the Coordinated Health Planning Act (H-6125, S-648). She said the organization has opposed the Fair Share bills.**

**She also said that her organization works closely with Commissioner Koller, and they are very interested in finding ways to drive down**

**costs and improve efficiency in the system. She also said that they have a summit on this issue planned for September 21, 2007.**

### **Greater Providence Chamber of Commerce**

**Kelly Sheridan began by saying that the primary focus of the organization is on affordability. He said that it is this issue that is driving so many others, including a dramatic increase in uninsured, and a subsequent increase in hospital charity care.**

**Sheridan said that the Providence Chamber supports Costantino's Small Employer Health Insurance bill (H-6054). He said that the goal of this bill is to legislate that carriers offer a plan that has both low premiums and low deductibles to individuals who are currently without insurance. He said that the challenge with this is to create a plan that will draw in customers from this market, a market that has already made the decision to not purchase health insurance.**

**Sheridan went on to cite statistics demonstrating the deterioration of the small employer health insurance market:**

- There has been a 15% drop in enrollees in the last two years**
- Only 65% of small employers currently offer coverage. This number has been dropping significantly.**
- Only 25% offer full family coverage, while 36% offer full individual coverage**

**Sheridan stated that he hopes that the Wellcare plan will be successful, but said that there is not one single product that will solve all of the problems.**

**He said that the General Assembly should look at the rating restrictions. He said he would like to see some more flexibility offered to the carriers in this area.**

**Janet Raymond then discussed a survey that the Providence Chamber conducted among members with 50 or fewer employees. They found that among this group, 75% provided health insurance to their employees. She said that a majority of respondents would be interested in a Wellness plan. She also said that a majority of the 25% who do not offer coverage said that a plan with a reduced price point would be something they are very interested in.**

### **Rhode Island Chamber of Commerce Coalition**

**Jerry Meyer said that the goal of the chamber coalition is affordable premiums for health insurance.**

**He said that health insurance evolved as an employee benefit, and for this reason people have come to think of it as an obligation of the employer.**

**He also said that there has been a lack of leadership on the national**

level, and that there has not been enough attention paid to the chronic problems that made up 80% of the costs. He also said we should look at preventable diseases as ways to bring down costs.

He mentioned a few issues that need to be examined, including: medical malpractice, extraneous paperwork, etc. He also said that we need to focus on medical delivery systems, as well as a comprehensive roadmap towards a solution.

### **SBA/RISBDC Subcommittee on Health**

Phil Papoojian began by saying that we need to look at the cost drivers, not just shifting costs.

He said that the committee supports a move towards mandated pure community rating as a long term solution. He said that in the short-term the committee supports Senator Josh Miller's bill (S-544) that would reduce rating factors to just age. He says that the committee supports this as a first step.

He says the committee also supports the legislation (H-6237, S-448) that would require most employers with 10 or more employees to offer a Section 125 Cafeteria plan. He said this would allow more people to purchase health insurance using pre-tax dollars, without mandating additional employer expenditures.

**He said that the end goal is a universal health plan for all Rhode Islanders.**

**Papoojian said the committee supports work in health information technology.**

**He also said they support an increase in the cigarette tax, with the proceeds going towards the health information exchange as well as offsetting costs incurred by small businesses implementing wellness programs.**

**Papoojian said that with regards to mandates, they would like to wait to see the results of the OHIC mandate study before offering any positions.**

### **Office of the Health Insurance Commissioner**

**Matt Stark said that the goal of his office is not shifting costs, but attacking the issues that drive cost increases.**

**He said that his office has four goals: wellness, balanced healthcare delivery, smarter state purchasing, and health information technology.**

**Stark said that OHIC decided that given the political landscape, it made sense for them to operate within the employer based system.**

He went on to say that an individual mandate is the key to significant progress. He said that without the mandate there will always be the problem of adverse selection. He said once the individual mandate aspect was taken care of, the next step would be to determine what ought to be covered. Stark explained that under a system that employs an individual mandate, the state would need to provide subsidies for low income individuals to purchase basic insurance. He also said that the mechanism for purchasing needs to be addressed. He said that there needs to be an easier way for individuals to buy insurance. He also stressed that it is very important that employers continue putting money into the system.

Stark pointed out that there is no money currently to support an individual mandate. OHIC is currently working on the Wellness plan, the reinsurance plan (currently unfunded), and transparency.

He then discussed the OHIC legislative agenda. He said that they have four major areas of focus: stem erosion in the small group market, making it easier for individuals to buy health insurance, strengthen personal obligation to buy health insurance for those who can afford it, and prepare for possible long term, comprehensive reform.

To stem erosion in the small group market OHIC is working on the Wellness Health Benefit Plan discount funding. They are also looking into additional small group rating factors for broker fees and tobacco

usage.

In order to make it easier for individuals to purchase health insurance, OHIC is working on the Wellness Health Benefit Plan, as well as pushing legislation requiring employers to offer Section 125 plans. He also said OHIC supports the formation of a study commission that would study merging the small group and direct pay markets.

To strengthen the personal obligation for those who can afford it to purchase health insurance, OHIC is supporting a bill that would require people over 400% FPL to be covered. The individuals at this level would have to certify on their tax return that they have coverage.

To prepare for possible long term, comprehensive reform, the OHIC is supporting a bill authorizing state officials to seek a Medicaid waiver for expanded coverage.

Regarding Costantino's bill, Stark said that the OHIC would like to see a public forum in place for determining what the plan would consist of.

## **Conclusion**

**Lt. Governor Roberts let everyone know that a Universal Coverage**



**Legislative Study Commission is in the process of coming together, with her as chair, which would be charged with studying what other states are doing to cover the uninsured.**

**She also mentioned that we should consider taking a regional approach to this issue.**

**She concluded by thanking all the participants for their attendance at the first meeting, and expressed excitement at the prospect of moving forward together.**